

# LEADERS ROLE WITHIN CULTURAL INDUSTRIES

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## ABSTRACT

*In the increasingly turbulent and competitive environment business, the dilemmas experienced by managers in cultural industries are characteristic to this type of industries where knowledge and creativity are key to sustaining competitive advantage. Firms that compete in cultural industries must deal with a combination of ambiguity and dynamism, both of which are intrinsic to goods that serve an aesthetic or expressive rather than a utilitarian purpose. This article develops the importance of leadership and its utility in the field of cultural industries. In order to meet the goals and to achieve the objectives within cultural industries we have proposed three leaders' profiles which can offer a competitive advantage on the market. We describe major advances and emerging patterns in this research domain where managing act refers to key challenges leaders and is related to the extent to which leaders are inclined to take business-related risks (the risk-taking dimension), to favor change and innovation to obtain a competitive advantage for their organization (the innovation dimension), and to compete aggressively with other companies on the market (the proactiveness dimension).*

## Understanding the Cultural Industries

Cultural industries have an important mission beyond commercial interests, consisting in providing services and goods that meet the public spiritual needs, in capitalizing individual creative capacities, in stimulating intercultural and intercommunity dialogue as well as diversifying life styles. To apprehend cultural industries, it is necessary to begin with their key distinguishing individuality: the nonutilitarian nature of their goods. In most industries, it is utility that imparts definition to product features and use. More precisely, utility allows for systematic comparison of different products, and by developing, it provides a basis for the emergence of explicit and relatively stable standards of quality.

It is known that cultural industries are referring to the production and public communication of symbolic goods the primary economic value of which derives from their cultural value. Cultural goods, by contrast, are experiential goods (Bjorkergren 1996[2], Hirsch 1972[15], Holbrook and Hirschman 1982[16]). "They derive their value from subjective experiences that rely heavily on using symbols in order to manipulate perception and emotion. Basic notions of quality tend to remain contestable in cultural industries. Whereas in industries where goods are utilitarian, producers usually develop a consensus on specific and often measurable standards of quality, in cultural industries standards represent abstract ideals rather than specific product attributes. For example, consumers may espouse

the importance of "originality" in art or in music, but attach fundamentally different meaning to the term. The cultural industries sector might include both classic cultural industries such as radiobroadcasting, film, editing, phono/videograms or *the new types* of industries such as design, multimedia, architecture, etc. and the *traditional arts*, namely visual arts, handicraft, show-making, literature.

Ideas about quality can diverge so strongly that producers find it hard to figure out why some products do well while others do not. This is not only the situation before consumers make their purchase decisions, but also afterwards. Ultimately, understanding why products succeed or fail is forever in the realm of educated conjecture. This is rarely due to the lack of data - plenty of data are usually available- but because the data is susceptible to multiple and contradictory interpretations. Taken as a whole, these contradictory interpretations produce ambiguity that impacts on the ability of managers to make well-informed decisions. When trying to make a clear sense of why consumers of cultural products make the choices they do, managers are more likely to rely on their insight into the subjective experience of consumers. What results is more a process of interpretative achievement rather than systematic or rational analysis. For instance, producers of cultural goods know that consumers seek for products that can be counted on to entertain, stimulate, and provoke reflection. Trying to satisfy the consumer on these dimensions can pose a tremendous challenge.

However, producers are aware that cultural products are more likely to find market success when they blend familiar and novel elements. Consumers need familiarity to understand what they are offered and, in the same time to be sensitized by it, but they need novelty to enjoy it. Finding a successful synthesis of these two opposing elements depends more on art than technique of a leader, more on insight than professional judgment. Organizations in cultural industries expend considerable resources searching for formulas that can accomplish this goal, but generally find it to be insubstantial. Tastes are unstable, and what is more, what is novel and popular in one period becomes familiar and usually staid subsequently.

It is very hard to find experts in the cultural industries in the conventional sense of that term. There are no recognized specialists such as engineers or analysts who can take products apart and point to problems when they arise, but we think leaders can make the difference. Codified knowledge can be useful to tackle problems, but ultimately it is of limited value. Tacit knowledge is more important in cultural industries, and talent, creativity, and innovation are the resources that are crucial to success (Jones and DeFillipi 1996[18], Miller and Shamsie 1996[20]). But these are vague resources: They cannot be clearly defined, they emerge from unexpected sources, and they lose their value for reasons that are not entirely under-stood.

The most important purpose of all cultural industries is to combine creativity and communication technologies with material or virtual products, with marketable goods and services and consumption based on market relations. One of their goals is also *creating and communicating meanings and entertainment*.

## **The Raw Materials of Cultural Industries**

The raw materials of cultural industries<sup>1</sup> are human creativity, artistic values, originality, empathy, and that's why special attention should be paid to authors, artists, and to the people that lead this type of organizations.

A complex set of requirements such as: knowledge and skills to use information technology, creativity, analysis and synthesis capacity, market-oriented attitude, continuous learning capability should be inherit by producers.

Authors increasing interest in the field can be noticed, for the development of new concepts, formats and products that meet the producers' interest in this new type of products. In order to survive, organizations in cultural industries must reconcile the demands of artistic production with those of the marketplace. These two areas are not only different in character, but are most of the time in opposition-each is shaped by different needs, and each is judged by different criteria. The visions that evolve as a result reflect the opposing pressures exerted at each end of the value chain. To understand cultural industries it is therefore important to understand the polarities that shape the choices available to organizations in these industries.

By stimulating access to and consumption of cultural products the observance of the fundamental rights of the person that works in this field is of importance.

The interaction between culture and economy was famously explored by Theodor Adorno and Max Horkheimer by the term 'Kulturindustrie' (The Culture Industry) to describe the production of mass culture and power relations between capitalist producers and mass consumers (1997, 1947). Their account is a bleak one, but one that appears to hold continuing relevance, despite being written in 1944.

It is claimed that standards were based in the first place on consumer's needs, and for that reason were accepted with so little resistance. The result is the circle of manipulation and retroactive need in which the unity of the system grows ever stronger. No mention is made of the fact that the basis on which technology acquires power over society is the power of those whose economic hold over society is the greatest. "If all processes are somehow dependent on each other, then the system will have to deal with only one constraint. Hence, focusing on the constraint is where the greatest leverage on business's profitability will be" [7].

## **Managing Cultural Industries and Leaders Role**

Every company has its own personality. For an organization to be successful over the long term, it is need to be managed effectively. Management process is designed to help firm define their culture and understand how it affects behavior and organizational success. The process serves as input to the

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development of strategies for systematically managing culture as a competitive advantage.

“Determining the factors that influence the evolution of a particular process under review is an important step in the substantiation of decisions to be adopted in determining an appropriate management”[21], thereby improving the performance of the entire system, in our case the cultural industries.

A good performance of the management and its activity has great impact on:

- what a council sets out to do – its vision, ambitions, priorities and targets;
- how people are managed, motivated and supported to do their jobs;
- how individuals or groups respond to demands for improved performance; and
- how individuals and the council, as a whole, view and make use of performance management systems.

There are many other ways to characterize the performance of the management, but the best performing councils combine a focus on improvement with attention to developing and using performance management *systems* to support effective decision making.

What leaders say and do sets the tone for everything that is done within the council. Leaders need to make clear their commitment to improving performance and the use of performance management as a tool to achieve this. Leaders must agree the priorities and communicate these clearly throughout the council. They must make use of information about performance when making decisions to make clear the importance of using the systems for collecting information.

There must be willingness by leaders at all levels to understand the barriers to improvement and provide the necessary support to solve problems. People are crucial to the delivery of improvement and effective performance management frameworks ensure that individuals understand their contribution to service and corporate aims. They also ensure that staff receive regular feedback on performance and have access to the learning and development they need to be effective in their roles. Culturally, people need a sense of ownership and responsibility about what is to be achieved and they need to be empowered to innovate and take action to drive improvement. They need clear direction, but also opportunities to be involved in setting direction and reviewing progress.

Managing act refers to key challenges leaders and is related to the extent to which leaders are inclined to take business-related risks (the risk-taking dimension), to favor change and innovation to obtain a competitive advantage for their organization (the innovation dimension), and to compete aggressively with other companies on the market (the proactiveness dimension). However, balance is essential for effectiveness: while pursuing innovation, attention to containing risk is also necessary. Similarly, while proactive behavior may enhance competitiveness, a collaborative orientation may be required to facilitate learning and speedy commercialization of innovations. Thus, the challenge is to achieve growth and/or corporate renewal by fostering a culture of innovation (Brown,

1996) [3] through strategic mandate and resource commitments (Burgelman, 1984) [4]. In addition, this must often be done in the face of conservative and risk-averse attitudes stemming from followers' lack of confidence in the gains from innovation in uncertain environments.

The concept of leadership inserted in cultural industries involves fusing the concepts of "entrepreneurship", "entrepreneurial orientation" (Miller, 1983; Covin and Slevin, 1988) [8], and "entrepreneurial management" (Stevenson, 1983) [24] with leadership. It emphasizes taking a strategic approach to entrepreneurship, so that the entrepreneurial initiatives can support development of enhanced capabilities for continuously creating and appropriating value in the organization. Thus, entrepreneurship can form a basis for competitive advantage and technological growth in all types of firms that are oriented towards leadership and excellence in the new global economy.

### **Can leaders make the difference?**

Leaders must stimulate creative thinking of employees in order to find solutions so far unused [17].

We have highlighted for our case study research, three leaders' profiles which match with the specific field of Cultural Industries as follows:

1. **Neocharismatic** – the neocharismatic leadership perspective focuses on how leaders evoke super ordinate performance from followers through a transcendence of self-interested behavior by appealing to higher needs for self-actualization, deeply held personal values, and implicit motivations of followers (Burns, 1978[5]; Bass, 1985[1]). As Burns (1978, p. 20) observes, the act of leadership "binds leader and follower together in a mutual and continuing pursuit of a higher purpose." the basic challenge is to create a willingness in followers to abandon current conventional but career secure activities for creative, entrepreneurial action.
2. **Team-oriented** – team-oriented leadership is based on focusing on the interactions between leaders and group members, specifically emphasize the ability of leaders to elicit heightened levels of group participation and involvement by team members. This view includes leader–member exchange theory, which examines leadership from the perspective of role theory and posits that role development results in differentiated role exchanges between the leader and subordinates within an organization (Graen and Cashman, 1975[11]; Graen and Uhl-Bein, 1995[12]). Support for this approach from field studies suggests that leader–member exchange may predict outcomes such as team performance (Graen et al., 1982)[13] and managerial progress (Wakabayashi and Graen, 1984[25];

see Graen and Uhl-Bein, 1995, for a review). The leader elicits high levels of participation and involvement by the group.

3. **Value-based** – value based leadership is a perspective elaborated by House and Aditya (1997)[14] suggests that leaders articulate a captivating vision or mission in ideological terms, show a high degree of confidence in themselves and their beliefs, and set a personal example of involvement in and commitment to the mission for followers to emulate. Leaders thus appeal to a vision and mission derived from a set of superordinate values and behaves in a manner that reinforces the mission, communicating high expectations to followers, and conveying confidence in their ability to meet such expectations (Conger and Kanungo, 1987[9]; Shamir et al., 1993[22]). In the business context, values-based leadership may be an important source of advantage, since commitment, a resource that is difficult to imitate, can be gained by affecting the values and beliefs that underlie individuals' perceptions (Ghemawat and del Sol, 1998) [10].

In summary, specifically in the organizational context of cultural industries, this types of leaders' profiles such as: neocharismatic, team-oriented, and value-based leadership enable the leader to mobilize the capacity to meet the entrepreneurial challenge.

### Conclusions

Our purpose in this paper work is twofold: first, to investigate management practices and particularities in cultural industries; and second, to see how leadership patterns merge with this type of organizations. Their products evoke intensely private experiences, and they tap values and aspirations that are neither utilitarian nor commercial. For the most part they are based on the successful use of creativity, which is a resource that ultimately cannot be controlled. While these characteristics are to a large extent unique to cultural industries, they give rise to environmental conditions - especially, high levels of ambiguity and dynamism - which are increasingly common in other industries.

Through this article we suggest that cultural industries have experienced high levels of dynamism and ambiguity for long periods of time without developing dominant business paradigms. Instead, organizations in cultural industries have learned to contend with various opposing polarities: artistic values versus mass entertainment, product differentiation versus market innovation, demand analysis versus market construction, vertical integration versus flexible specialization, and individual inspiration versus creative systems.

In the same time the leaders role is way more important than it seems, due the fact they can do the difference using their abilities when managing act refers to key challenges leaders and is related to the extent to which leaders are inclined to

take business-related risks (the risk-taking dimension), to favor change and innovation to obtain a competitive advantage for their organization (the innovation dimension), and to compete aggressively with other companies on the market (the proactiveness dimension). Also the capacity of the leader to create strong teams based on the company's values in order to meet the goals and achieve the objectives is a matter of organizational Excellency.

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